Discrepancies in Loan Allotment by U.T.I.

60. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that U.T.I. gave Rs. 1049 crore just for asking between 1990 to 1999 to Essar Group even when it failed to repay it's earlier loan or redeem its non-convertible debenture on due dates;

(b) if so, the reasons therefor; and

(c) the action Government have taken against the officer concerned of U.T.I. and whether the loan has since been recovered from the Group and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) U.T.I. has intimated that since July, 1990, they have disbursed a total of Rs. 1520.13 crore to various Essar Group companies, *viz.*, Essar Steel Ltd., Essar Shipping Ltd., High Grade Palets Ltd., South India Shipping Corporation Ltd., Essar Power Ltd. and Essar Oil Ltd. All investments made by the Trust in these companies were based on commercial requirements, appraisal by the lead institutions and/ or decisions taken at inter-institutional fora. At the time of initial investment in the companies, the scenario of core infrastructure sectors were quite promising. The investments were made as a part of consortium financing. Subsequently, restructuring of the debt was undertaken and additional financial support amounting to Rs. 164.52 crore was provided to Essar Steel Ltd. and Essar Oil Ltd. in line with the consortium's decision.

(c) UTI is an autonomous body created by an Act of Parliament. As per the UTI Act, the Board shall, in discharging its function, act on business principles, regard being had to the interest of the unit holders. Government does not interfere in the day-to-day working of the Trust. In the context of the problems relating to the UTI,

Government had appointed a High Level Committee under the Chairmanship of Shri S.S. Tarapore to enquire into the activities of UTI. The terms of reference included, *inter alia,* the following:

(i) To ascertain whether investment/disinvestment decisions taken by UTI and in particular in the US-64 Scheme in the last 10 years or so were based on commercial or extraneous considerations.

(ii) To look into the level at which investment decisions were taken as also the appropriateness and transparency with which these were executed.

The Committee has since submitted its report. It has recommended, *inter alia,* that investment in Essar Oil Ltd., Essar Steel Ltd., for which the Committee had undertaken individual examination of the investment decisions, should be subject to audit and then sent to an appropriate pre-investigative body for examination. UTI has intimated that it has already commissioned detailed audit of these cases, to RBI approved audit firms.

Operation of OCBs in Indian Market

61. SHRI NILOTPAL BASU: Will the Minister of FINANCE be pleased to state:

(a) since when the Overseas Corporate Bodies have been allowed to operate in the Indian Capital Market;

(b) the *modus operandi* of the OCBs;

(c) the difference, if any, in manner in which FII sub account and OCBs are tact; and

(d) since inception, the year-wise details of OCBs investment with total number, names, corresponding countries of incorporation and taxes paid till 31st December, 2001?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) The information is being collected and will be laid on the Table of the House.